

Journal Topics, April 4, 2008

The housing market continues its shoddy performance with the Northwest suburban area not immune from its effects.

U.S. Rep. Mark Kirk (R-10th), who represents a small portion of Des Plaines and communities to the north, met with members of an economic think tank this week to study the problem and discuss remedies.

A study released last month by the Woodstock Institute studied foreclosure rates across six Northern Illinois counties. Foreclosure hot spots include Des Plaines, Palatine, Hoffman Estates, Arlington Heights, Wheeling and small pockets of Rolling Meadows.

Kirk conducted a roundtable discussion with Woodstock Institute members at his office in Northbrook on Monday, Mar. 31 and offered a plan to help. At the gathering, Woodstock Institute experts outlined local trends and Kirk discussed his proposal to revive a Depression-era banking institution to help homeowners in foreclosure by allowing the federal government to take over distressed loans.

"For the past two years, we have seen an increase in foreclosures," Kirk said. "Foreclosures hurt more than families, they depress the values of neighborhood homes and reduce the number of taxpayers supporting local schools. Abandoned, boarded-up homes encourage crime, further depressing property values and making our streets less safe."

The study's author, Jeff Smith, told the Journal that current trouble in the real-estate market will likely remain until at least the summer of 2009.

The Northwest suburbs fared better than most areas in the Northern Illinois study.

The study says that foreclosures were up 154% in Northern Cook County and 99% in Northwest Cook County between 2005 and 2007.

The area with largest rate of increase in recent foreclosures is Northern Cook County. Smith said that is because Northern Cook has had low rates of foreclosures and any increase will read as dramatic.

Southern Cook County and the south side of Chicago had the highest rates of foreclosure overall in the six county area.

Smith said Kirk's bill to bring back the Home Owners' Loan Corp. (HOLC) is the best plan he has seen so far to allow people to stay in their homes, limit foreclosures and stabilize the housing market.

In 1934 the HOLC was created.

"HOLC purchased troubled mortgages from lenders at a substantial discount (on average 20% below their pre-depression value), then offering reasonable refinancing options to homeowners. This prevented a total collapse of banks and allowed families to remain in their homes," read a statement from Kirk.

The HOLC was liquidated in 1954.

Kirk's bill would establish that entity again to purchase troubled mortgages and allow homeowners to restructure their loans.